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S E C R E T SECTION 01 OF 02 KINSHASA 000493

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SUBJECT: TFM EXPORTING COPPER DESPITE UNRESOLVED CONTRACT REVIEW; KATANGA GOVERNOR COMPLAINS ABOUT FROZEN BANK ACCOUNTS

REF: A. KINSHASA 399
[1B.](#) KINSHASA 269

Classified By: Ambassador William J. Garvelink for reasons 1.4 (b) and (d)

[¶1.](#) (S) Summary: Ambassador visited the Tenke Fungurume Mining (TFM) site, the largest U.S. investment in the DRC, on May 7. TFM is currently producing copper and will soon be in cobalt production as well. The visit provided an opportunity for the ambassador to see first-hand TFM's USD 1.75 billion investment, the speed with which TFM constructed modern facilities, and the wide reach of TFM's corporate social responsibility programs. Ambassador also used the visit to highlight the need for the DRC to conclude its mining contract revisit, a process that has dragged on now for over two years. Katanga Governor Moise Katumbi told ambassador on May 8 that he agreed that delays in the contract review process are having a negative impact on other investments in the DRC. Katumbi also complained at length about his and his family's frozen bank accounts in Belgium, related to accusations of his brother providing funding for Nkunda and rebel groups in the eastern DRC. End Summary.

TFM PRODUCING AND EXPORTING COPPER; COBALT ON-LINE SOON

[¶12.](#) (U) Ambassador and econoff visited Freeport McMoRan's Tenke Fungurume Mining (TFM) site on May 7, 110 miles northwest of Lubumbashi in Katanga province. TFM invested approximately USD 1.75 billion in the first phase of its development to bring its copper and cobalt production on-line, and still stands as a bright spot in Katanga's otherwise declining economy (Ref A). Ambassador toured the entire site, including the open mining pit, the semi-autogenous grinding mill, the facilities used for solution extraction and electro winning (a chemical and electrical process used to extract the copper), and the building used to cut and prepare the sheets of copper cathode for shipping. The first truckload of copper was exported on April 22, and TFM is on schedule to reach full capacity of 250 million pounds of copper and 18 million pounds of cobalt annually sometime during the second half of 2009.

[¶13.](#) (U) Ambassador and econoff also visited several of the TFM-funded social responsibility programs, which target the local community of approximately 61,000 inhabitants. TFM reported expenditures of USD 9 million for community development (schools, clinics, clean water wells, and markets), USD 2 million for malaria control programs, and USD 12 million to resettle 350 households in three villages that were too close to the mining operations. Ambassador noted the new brick homes constructed for the resettlements were a

significant improvement over the previous village's homes, and the program is popular with the local population to the point that others are moving closer to the concession's operations in the hope of being resettled. TFM is also working with NGO PACT Congo to provide microcredit to small business entrepreneurs engaged in brick and fence construction and other activities.

THE MINING REVIEW THAT NEVER ENDS

¶4. (SBU) Local reporters accompanied ambassador and econoff on the entire tour, and ambassador spoke with the press at the end of the visit. Ambassador expressed the importance of the large-scale U.S. investment, and urged the Government of the DRC (GDRC) to quickly finalize the mining contract review process. Ambassador noted that many investors in the United States, as well as in other countries, are watching and waiting to see how the review process ends before committing to investments in the DRC. Most government officials have been saying the formal review is nearing its end for several months now, just as the Prime Minister's Deputy Chief of Staff noted on March 20 (Ref B).

¶5. (SBU) There are six large contracts, including that of TFM, that have not yet been approved by the DRC's Presidential Cabinet ("Conseil des Ministres"), which is the only body with authority to accept or reject these contracts.

The DRC's Vice Minister of Mines, Victor Kasongo, told Reuters on April 16 that the GDRC rejected TFM's and First Quantum's contracts, but was later forced to retract the

KINSHASA 00000493 002 OF 002

statement following pressure from Vice Prime Minister Emile Bongeli. Though Bongeli and seemingly most of the GDRC claim to be in favor of quick resolution to the review and appear to be in favor allowing TFM's investment to move forward, there is no indication of when the Cabinet will finally issue its approval.

MOISE KATUMBI WANTS HIS MONEY BACK

¶6. (SBU) The ambassador and econoff also met with Katanga Governor Moise Katumbi on May 8, who agreed with ambassador's assessment of the positive contribution of TFM's operations. Katumbi told ambassador the mining revisit would eventually ruin the DRC by scaring away all other investment if it is not concluded quickly. Katumbi said he had already raised the issue with the GDRC, but promised to raise it again with President Kabila, who planned to stop in Lubumbashi on his way to visit newly-elected President Zuma of South Africa. Ambassador spoke to the local press again following the meeting with the Governor, noting the same urgency with which the GDRC should conclude the review process as it is in the interest of the DRC and the Congolese people. Ambassador also answered a question about U.S. investment in the DRC by noting the other important U.S. investments in the DRC and by explaining how the U.S. provides over USD 700 million annually in a combination of aid through bilateral programs, multinational organizations, and MONUC.

¶7. (S) Katumbi also spoke at length about the Belgian authorities seizing his and his family's bank accounts in Belgium. Katumbi said the UN pushed the Belgian authorities to do so because they claimed Katumbi's brother financed Nkunda and other rebel groups in the eastern DRC. Katumbi claimed the Belgian authorities only needed a letter from the Congolese central government, specifically from the Ministry of Foreign Affairs, to exonerate him and release the funds. He said they have since released the accounts of his sister and his brother-in-law, but that they still had a freeze on his personal accounts. Katumbi expressed a degree of fatigue with the scenario, noting he is coming to the end of his political career, and said he did not know why the GDRC in

Kinshasa would not help him with this predicament.

¶8. (S) Ambassador spoke with UK Ambassador to the DRC Nick Kay on May 12 and mentioned Katumbi's story. Kay said British law enforcement had already been in touch with him about the strange activity with Katumbi's, and Katumbi's wife's, bank accounts. Kay implied there was more of an investigation underway than just Belgian authorities acting alone. Kay said he thought the UK might have already contacted the DRC authorities directly concerning Katumbi's accounts.

COMMENT

¶9. (S) The brother of Moise Katumbi, Raphael Soriana a.k.a. Katebe Katoto, has been linked to financing Nkunda's rebellion and to financing Jean-Pierre Bemba's movement before that. Katumbi and Soriana are both active businessmen with investments in some of the same projects in the DRC and Zambia. It remains to be seen whether there are direct or indirect links from Katumbi to rebel activity in the Kivu provinces, but the ongoing investigations are undoubtedly targeting Katumbi's entire family to ascertain who might be providing sources of funding for illicit activity in the east. It is no surprise that Kabila and his supporters in Kinshasa would not go out of their way to help Katumbi, as Katumbi may have the political strength in Katanga and surrounding provinces to eventually challenge Kabila for the Presidency. End comment.

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